

Transcript of an interview with Leen Zevenbergen on B Corp, B Lab and Trust

Podcast Host: The reason why I asked you to be the guest in the TrustTalk podcast is your involvement in what is known as B Corp and B Lab. As I understand, there are more than 4000 certified B Corp companies in more than 75 countries around the world. You incorporated B Lab I believe with Marcelo Palazzi. First question is what is the relationship between B Corp and B Lab? What's the difference?

Leen Zevenbergen: Yeah, B Lab is the NGO, the non-governmental organization that does two things. It organizes and inspires the community of B Corps. And the second part, and that's called the B Trust, the B Lab trust and the Trust is a completely separate organization with about 100 people all over the world, and they certify. So that means that I am actually in B Lab and I cannot influence the Trust. So I cannot say, well, this is a friend of mine., he has a B Corp wants to become a B Corp, treat him well. Or if Tata Steel, for example, wants to become a B Corp., forget about this and this. And so the certification is completely separate. You called Chinese walls between one and the other. So B Lab is the NGO and the B Corps are companies like Tony's Chocolonely or Patagonia or Ben and Jerry's or Natura Brasil. So those are companies that become a B Corp.

Podcast Host: And for our listeners to become a B Corp, that's not an easy process, is it?

Leen Zevenbergen: Oh no, no. It's very difficult. Well, depends a little bit on the company that you are. So for some companies it's always a time consuming process. So it always takes time. And to give you a perspective on how much time it costs, the big food company Danone, the yogurt and the people know them from yogurt and Nutricia and children's food and milk products.

Podcast Host: yeah, and water

Leen Zevenbergen: also, it's a big global company and they decided and asked for permission from their shareholders to become a B Corp, and that multinational will take 10 years to certify all their subsidiaries. So that is the process. And then if they have certified all the subsidiaries, then it doesn't stop the process and maybe we can talk about that later., but then they become certified. But a relatively small Dutch consulting firm that I'm involved with, Been, it took them a year to certify. It's a 40 people company, and that is, and the reason why it can take long is, on the one hand,

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that there are so, there is an overwhelming number of companies right now that want to become a B Corp, so that we just don't have the capacity to treat them in the Trust, to certify them. And the second reason is that it is difficult. You have to get a lot of information to become and sometimes you have to make changes in your company., so you have to quite often you have to make changes and sometimes those changes are difficult to make.

Podcast Host: Is it fair to say that B- Corps main theme is sustainability, is that fair to say?

Leen Zevenbergen: Yeah, it is a holistic impact process, actually, so not, and holistic, let me explain it with an example. For example, if British American Tobacco, producer of cigarettes, would put solar panels on the roof, and they have green electricity to produce cigarettes are they then all of a sudden a sustainable company because they do something about CO2 while producing a product that kills people? So they are not, if you look at that from the perspective of CO2, you would say, great, great, they are doing, they are trying to be carbon neutral or whatever, and they are very sustainable. But if you look at it holistically, you see that they make a product, the core of their company., that is not sustainable. And that is so yeah.

Podcast Host: So a company like Shell would never become a B Corp, even if they wanted to be?

Leen Zevenbergen: No, it would be very difficult, and the same is true for Danone to be honest, Danone, if you have a multinational that is so big as Danone, there are always elements here and there that are not OK. So you have to change that. So as long as those, for example, if you have water, Danone, in plastic bottles, then you have to do something about the plastic bottles, because otherwise you are a big polluter of oceans. And they have and they had to do that. They have to make changes in order to become for that specific part of Danone to become a B Corp and Shell is so, so big, so the core of their business is so, let's say polluted, so wrong that it will be extremely difficult to become a B Corp and yeah, so that is I'm not going to say it is impossible, you can always strive for it as well, there are a 160,000 companies in the world right now that are using the Impact Measurement Tool of B Lab. It's called the B Impact Assessment, sometimes called the Benefit Impact Assessment, it's the most widely used impact assessment tool in the world. Holistic Impact Assessment Tool in the world. So a 160,000 companies are using that to measure their progression to measure their performance. They're not., they don't become a B Corp, you know, but

The full interview can be found on the TrustTalk podcast (<https://pod.co/trusttalk>) and the TrustTalk blog, <https://trusttalk.co>

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they are using it, we call it the B Corp way. The B Corp way is they're trying to move in that direction. And it would not surprise you that there are many companies that would not surprise me if Shell I don't know it, but it would not surprise me. If Shell internally would use that tool also to measure themselves. And I know of some other multinationals that would not easily become a B Corp but they are using the impact measurement tool as a management tool.

Podcast Host: So taking the B Corp label, is it more important for internal purposes, so motivating your employees to be sustainable and do the good stuff, in short? Or is it more importantly, externally, are B Corp companies taken more seriously when it comes to achieving sustainability goals?

Leen Zevenbergen: Yeah, both I would say but in the beginning when the whole movement started off because in 2006 and nobody had ever heard of it, it was internally, I would say. And you and right now it is more and more externally. And when we started in Europe, the B Lab Europe organization in 2013, it was very difficult to explain to companies what it was. Right now there in Europe alone, there are 700 companies willing to become a B Corp, and that is that number is growing exponentially. And so now people think that it helps them externally. And because if you say I'm a B Corp, we did studies to that, it is easier to get better staff, more talented people. It's easier to get impact financing, so there is a big shift in money going from, let's say, private equity to impact money, impacts capital. And that is, but then you have to prove that you are really an impact sustainable company. And also young people, talented young people, there are a big shortage of that all over the world, but also in the Netherlands, of course, and young people like to work with a company with a purpose. So right now, but also, if you look at Albert Heijn in the stores of some big stores of Albert Heijn you see racks with only B Corp products. And Albert Heijn likes the B Corp movement. And that is so that is externally, definitely. So more and more it becomes externally and internally in the beginning, I think it was internally, in the beginning, there were only the leaders who were intrinsically driven, Severin. And it is a big, you can be intrinsically driven or extrinsic driven intrinsically is like myself, I would say I, I am driven by the honesty and fairness and moral values that drives me. And that is, some people don't care about that and they are driven by money. And so people are driven by sales. And as long as it moves them into the direction of sustainability, basically, I don't care what drives people.

Podcast Host: Talking about the drive, our focus in this podcast is on trust and trust in large corporations is waning. It is often argued that one of the problems of the public

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companies is that this trust has been negated in the drive for efficiency and shareholder value. So would you think that being a B Corp could help to regain trust in a company?

Leen Zevenbergen: I think so, yeah, it should, and that is, but it has to be honest., and real and true. So if you think, well, I am making a profit for my shareholders and I can make more profit for my shareholders if I become a B Corp, then your drive and your motivation stays the same. But if you really think that the division of wealth, the vision of food, the vision of education in the world is not fair., if you really believe that, then you really want to work on that, then and the big companies are really doing that, then the people will get will get maybe faith back into big companies and the whole B Corp movement is using business as a force for good. That is the slogan, using business as a force. So it's not for politicians or not for politics. And that is, but I would say, Severin, that people, the marketplace, the audience, the civilians have a very sharp nose for when something is real and when something is fake, green washing.

Podcast Host: We are coming back to the food in a minute, but before we do that, early on, you were talking about an investor. Would you think that investors in high growth markets should put more emphasis on the link between sustainability, trust and revenue growth?

Leen Zevenbergen: Between trust revenue growth and revenue growth. Well, you mentioned revenue growth, and I think that we should get used in the world to the fact that we do not always need revenue growth and that it is not always healthy to always have revenue growth. So for the simple reason, in my perception at least, that if the whole world would only talk about revenue growth and growth, that means sales revenue, the sales sell more, sell more, sell more that is contrary to the upcoming stream in this world that do not buy new stuff. And that is buy used stuff, you see that all over the world, not only in the Netherlands, that 20 percent of all clothing nowadays is used clothing, that was zero percent. It's the same as with cars. Car sales in the beginning that s a hundred years ago was 100 percent new. Now it's 80 percent used cars and 20 percent new. So it is, so if we don't get used to the fact that growth is not the holy grail, then we get where we want to be in my perception, so gross is a is a dangerous phenomenon, not always, because you can also say, well, if we have growth in the green electricity, that is what we need, but then we need to de-growth other elements and the same is if all the Chinese people want to live, want to have the same living standards as the people in Western Europe., we just don't have enough stuff. We don't have enough resources for that.

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Podcast Host: You talked about food. Let's go to that particular sector and look into the B Corp sustainability, especially in food. So I checked with food companies in the Benelux, Germany, France and Switzerland, how many B Corps are there. With one exception you mentioned already, Danone, almost all are smaller companies, mostly not very well known by the general public. So what is the challenge for B Corp to also engage the larger companies?

Leen Zevenbergen: Well, I mentioned Albert Heijn, that's on their way., that's a huge one. Wal-Mart is moving in that direction., Rituals just became a B Corp two weeks ago. Illy Cafe, I would say there may you looked at some countries, the biggest country in Europe is Italy in B Corps. I would also almost dare to say that the most sustainable country in the world is Italy, and that is, people all think that is not, that is The Netherlands, but The Netherlands is far behind. And that is so if you look at the B Corps, I think it is logical that it starts with this., why do you think Danone became a B Corp? You know why?

Podcast Host: tell me

Leen Zevenbergen: Because they were inspired by the smaller companies, so the small entrepreneurial, big companies are not entrepreneurial. Shell is not entrepreneurial, Phillips is not entrepreneurial, they are managerial. They are run by managers. Phillips was founded by an entrepreneur a certain Mr. Phillips a long time ago, but it has lost all entrepreneurship. It is not an entrepreneurial company. Danone is not an entrepreneurial company, it's a family-owned, public owned and family-owned company that used to be very entrepreneurial. So you have to imagine that the big companies like Unilever, not entrepreneurial, managerial, it's a big difference, big difference in how companies. Paul Polman was driven by shareholders. Let there be no misunderstanding that Paul Polman as a person is a very driven, intrinsically driven person about sustainability. But he has to manage his shareholders because they just kick him out if he doesn't make enough profit and growth, as you just mentioned before. So the big companies are driven in a managerial way. The smaller companies are the change-makers, as we call them. So you see many, many, but many small B Corps but more and more big ones. If Albert Heijn moves in that direction and Danone moves in that direction, Unilever wants to move in that direction. DSM is thinking about it. So all those companies, why is that? Because they have seen the success and people companies are eating away their profit margins and they are the smaller B Corps so I remember and this is a good example when Danone announced that they

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wanted to become a B Corp, they asked their shareholders. There was a big, big shock going through the B Corp movement because the small companies said "we don't want this big greenwashing company being a B Corp, it's damaging our image" and they were against it. And then we tried to move that atmosphere around by saying, well, thanks to all of you, thanks to all those entrepreneurial small B Corps, the bigger ones now see that it is possible to make a higher profit if you go to sustainable products, that it is actually something that the consumers want. So we inspired and motivated the bigger ones to change. So it's a matter of time., you know, I always tell my children that when a company is not becoming a B Corp they will go out of business. And I believe that.

Podcast Host: Often sustainability is challenged by what is referenced to the acronym VUCA, which stands for volatile, uncertain, complex and ambiguous. So in what way would being a B Corp help overcoming these four challenges?

Podcast Host: that are all profitable companies and growing fast?

Podcast Host: what has the volatile, uncertain, complex and ambiguous?

Leen Zevenbergen: I would say that VUCA is, you know, it's the same as that people say, well, sustainability is expensive, "duurzaamheid is duur". It's very old-fashioned. 10 years ago that was behind us already, it's far behind us. So if you're not really up to date, I would say you talk about VUCA if you're against it. So I would say that building a profitable company that has a long-term future is good for your shareholders. There is only one way to go, and that is a sustainable way. Otherwise, you go out of business, then you become VUCA. So if you are if you drive your company in a sustained into a sustainable future., there is no VUCA but if you don't do that, you're going to enter a world completely filled with volatility and uncertainty and so the solution to not willing to be VUCA is becoming not necessarily a B Corp, but a because not every company has to become a B Corp, I'm not eventually, it is going to be normal, it's normal behavior that you don't talk about shareholders value, but stakeholders value in my opinion, that is normal. Shareholders' primacy is completely ridiculous, it's illogical.

Podcast Host: My last question a 2020 survey by Global Reporting Initiative asked a thousand people in each location to indicate whether they agree that companies are honest and truthful about their social and environmental performance. Strikingly, the public in European and North American countries continue to indicate lower levels of

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agreement compared with the global average, especially those in Asia. What will be your take on that?

Leen Zevenbergen: That has to do with the trust again.

Podcast Host: Right

Leen Zevenbergen: Peter Bakker, who used to be the CEO of TNT, is now the CEO or the chairman of the WBCSD, the World Business Council on Sustainable Development and the WBCSD is based in Geneva. And it is, well, it's managing or inspiring sustainability in big corporates. And Peter Bakker is intrinsically driven also by sustainability, so that's good., and so he did a speech once and he was given the question at the end how many of the companies that you represent are truly thinking what you just said in your speech and he had to smile a little bit, and he said: "probably less than 20 percent". And that is so I don't know if that answers your question but quite often is wishful thinking and it has to begin with wishful thinking. And sometimes it has to begin with a little bit of greenwashing. But you have to be careful because the general audience is very sensitive to that. And I think, Severin, it has to do with and I come back to what we said in the beginning, the fundamental feeling or the value systems of people in the world on the planet don't differ so much, you know, if I speak to people in Santiago de Chili or Tokyo or Cape Town or whatever, people have the same set of values and the same set of values about honesty and fairness. And that is, and I think due to social media that general feeling around the planet about what is honest and what is fair is going to eventually win, you know, and that means that when the people that companies who are not to be trusted are set aside by people, individuals that have 300 billion in money and it's going to be discarded. It's not, you know, it is why, because people don't think that that is normal.

Podcast Host: Yeah. Well, that's a good thought to conclude our interview. Leen thank you very much for being available. I understand you are in France at the moment, oh you are at the moment in Holland, but you go back to your

Podcast Host: next week,

Podcast Host: next week to France.

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Leen Zevenbergen: There's a lot of farming

Podcast Host: growing walnuts, right?

Leen Zevenbergen: Yes. Yeah.

Podcast Host: OK. Well, good luck with that and thank you very much for being available.

Leen Zevenbergen: OK, you're welcome, Severin. Good luck with the show.